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## Chile

## Citrus

## Lemon Production

## 2008

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**Report Highlights:**

A strong export demand coupled with a smaller output will keep domestic lemon prices significantly higher during most of this year. Imports are also expected to increase.

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Includes PSD Changes: No  
Includes Trade Matrix: Yes  
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## Executive Summary

Chilean lemon producers are expecting to have an excellent year as a result of a strong export demand and a smaller output. Production was affected by adverse weather conditions during the last winter and as a result lemons prices are expected to stay high during most of CY2008, which should increase imports significantly when compared to the previous year.

## Production

Another good season is expected for lemon producers in Chile. Industry sources have indicated that as a result of a significant fall in the production in California and Arizona the market in the United States has become very attractive for Chilean lemon exports. Production in the States is expected to be lower close to 30 percent when compared to the previous year which will have a positive effect on international prices. As a result of the high demand and international prices, the United States increased their lemon exports to Japan, Canada, Australia and South Korea creating a deficit in the domestic supply which Chilean producers expect to fill partially together with Mexico and South Africa.

The United States is Chile's main lemon export market in volume with 59 percent of total exports, followed by Japan which is on the other hand Chile's main export market in value.

Lemons are harvested year-round in Chile, with the bulk of output from June through December. The main varieties are Sutil, Eureka and Genova. No official production or consumption data are maintained for lemons. Based on industry reports, we estimate that lemon production in Chile will keep expand slightly over the next years based on new plantings that are taken place. In addition, some older orchards have been replaced with higher-density plantings. But as lemons are sensitive to frost some production variations are observed year after year. The industry expects a slight fall in production for CY2008 as a result of frost in some important production areas during the winter (June through August) of 2007.

### CHILE - LEMON Planted Area and Production and Trade

Years	Planted Area (In Ha)	Production (In MT)	Exports (In MT)	Imports (In MT)
2003	6,900	150,000	28,679	105
2004	7,000	160,000	35,096	232
2005	7,200	165,000	34,947	413
2006	7,500	169,000	33,180	525
2007	7,860	178,000	46,904	650
2008 1/	7,900	177,000	47,800	950
Note: 1/ Estimated				
Source: Ministry of Agriculture (Odepa)				

## PLANTED AREA

Lemon trees are planted from northern Region I (Arica) on the border with Peru and Bolivia through Region VIII (Chillan) south of Santiago. However, most lemon orchards are

concentrated in the Santiago Metropolitan area (45 percent) and Region VI (San Vicente-Peumo area) with 32 percent of total planted area. Lemons are mainly planted in valleys with a suitable micro-climate or in areas where profitability from alternative fruits is less than that for citrus.

## CONSUMPTION

Almost Chile's entire lemon crop is consumed domestically. Fresh domestic lemon consumption varies year by year according to production and prices. Chileans prefer freshly squeezed lemons to lemon juice concentrate. Industry sources have indicated that domestic demand has been declining during the last few years. Strong competition from artificially-flavored lemon juice, which has been flooding the market, is cited as the main reason for the decline in demand. In Chile, the processing industry for fresh or frozen lemon juice is nearly nonexistent.

## TRADE

The United States is Chile's largest export market for fresh lemons. The Genova variety accounts for over 95 percent of exports. In general, future exports will depend upon the interplay of domestic production and foreign demand combined with comparative prices in the domestic versus the export market. The exchange rate will also play a role in those calculations; the strengthening of the Chilean peso has lowered returns to exporters and growers for all fruits in recent years.

Secondly, over 90 percent of lemon exports occur during the winter months of June through August when rainfall is most prevalent. Lemons for export must be harvested when they are completely dry to avoid fungus and mildew while in storage, which produce stains on the lemon rind, making them unsuitable for the export market.

**Chile – Lemon Export Trade Matrix**

Time Period	January - December				
Exports for:	2005		2006		2007
U.S.	20,349		15,933		27,476
Others					
Japan	13,622	Japan	16,405	Japan	18,785
So. Korea	566	So. Korea	576	So. Korea	409
Canada	118	Hong-Kong	149	Italy	74
Singapore	74	Canada	36	Netherlands	50
U.K.	70	Netherlands	25	Hong-Kong	50
Netherlands	50	Jamaica	25	Canada	41
Hong-Kong	50	Panama	2	Panama	16
Saudi Arabia	48				
Total for Others	14,598		17,218		19,425
Others not listed	0		29		3
Grand Total	34,947		33,180		46,904
Source: Ministry of Agriculture (Odepa).					

Chile has been importing increasing volumes of fresh lemons during the last few years, mainly from Peru. For the first 3 months of 2008 imports have increased from 139 MT in 2007 to 491 MT in 2008, a 250 percent expansion. Of the total imports 438 MT came from Peru and 53 MT from the US. As a result of the record high domestic prices, Chile imports lemons from the United States for the first time since 1997 when lemons from California were allowed to be imported.

### Chile – Domestic lemon prices

Prices in real March 2008 pesos				
Year	2005	2006	2007	2008
Jan	132	258	116	427
Feb	153	295	194	451
Mar	191	287	223	627
Apr	159	163	172	
May	125	87	85	
Jun	43	45	37	
Jul	35	37	40	
Aug	34	40	46	
Sep	39	46	76	
Oct	68	67	107	
Nov	105	79	205	
Dec	185	95	311	
Average	103	120	129	477
Exchange rate: 464 Chilean pesos per dollar				

In December of 2007 as a result of a strong export demand and a smaller availability of fresh lemons in the domestic market which fell over 30 percent when compared with the same month the previous year, due to frost and extreme cold weather in mayor production areas, the domestic lemon prices reached an all time high price during the first months of CY2008. Industry sources have indicated that as a result of the strong export demand expected during the current year domestic prices for lemons are expected to stay high during most of the year.